

Amend Section of the Labor Code to authorize the Department of Industrial Relations (DIR) to share information it collects as part of its normal investigative and enforcement efforts with the Board.

Source: Honorable Judy Chu

Existing Law

To promote efficient tax administration, the Board of Equalization (Board) has entered into agreements for reciprocal exchange or for release of information, including personal or confidential information, with state agencies, other states, local government agencies, the federal government, and specific private contractors. These agreements permit disclosure of information contained in the files and records of the agencies subject to the restrictions prescribed in the agreements or provided by statutes and regulations or pursuant to a Governor's Order.

In 1973, pursuant to a Governor's Order, the Board was authorized to release information to the DIR pertaining to the Sales and Use Tax and Use Fuel Tax programs. Specifically, the Governor's Order authorized official representatives of the DIR to examine records maintained by the Board with regard to those programs for use in its compliance and enforcement efforts. However, the agreement authorizes the Board to furnish information only. The agreement does not authorize for reciprocal exchange of information between the Board and DIR, and the DIR is not authorized to provide any information it collects to the Board.

The DIR was established to improve working conditions for California's wage earners, and to advance opportunities for profitable employment in California. The work of the DIR is divided into six divisions known as the Division of Labor Standards Enforcement (DLSE), Division of Workers' Compensation, Division of Occupational Safety and Health, Division of Apprenticeship Standards, Division of Labor Statistics and Research, and State Compensation Insurance Fund.

The DLSE is responsible for, among other things, the investigation and enforcement of labor statutes covering workers' compensation insurance coverage, child labor, cash pay, unlicensed contractors, Industrial Welfare Commission orders, as well as group claims involving minimum wage and overtime claims. The DLSE also handles criminal investigations involving these group claims. The DLSE also administers the licensing, registration, and certification of certain industries, including employers, transporters, and supervisors of minors making door-to-door sales and industrial homeworkers and garment manufacturers.

As part of its investigative and enforcement efforts, the DLSE collects information regarding whether a business entity has a seller's permit. Their applications and renewal forms also contain information about the business entity such as: business name, ownership information, type of business and/or projects, business and mailing addresses, and telephone numbers. However, the DLSE,

which is under the DIR, is not authorized to share this information with the Board, and access to this and other related information collected by the DIR as part of its normal enforcement efforts would be useful to the Board's compliance and investigative programs.

This Proposal

This proposal would authorize the DIR to share information that it collects as part of its routine enforcement efforts with the Board. Access to this information would enhance the Board's compliance and enforcement efforts by: (1) increasing the Board's ability to collect delinquent amounts, (2) ensuring business entities possess a valid seller's permit, and (3) aiding in the Board's annual audit selection process.

Section of the Labor Code is amended to read:

(a) When requested by the State Board of Equalization, the department may permit any duly authorized representative of that agency to obtain information available in the department's records that will assist the State Board of Equalization in determining compliance with the provisions of the Sales and Use Tax Law (Part 1 of Division 2 (commencing with Section 6001) of the Revenue and Taxation Code).